

Forestry in a New Zealand Emissions Trading Scheme

The legislation required to establish an Emissions Trading Scheme in New Zealand – the Climate Change (Emissions Trading and Renewable Preferences) Amendment Bill – was introduced to Parliament and had its first reading in December last year. Passage of that legislation is required before the Emissions Trading Scheme can come into effect.

Following its first reading, the Bill was referred to the Finance and Expenditure Committee, which heard and considered public submissions and has now completed its report to Parliament. You can view its report (containing both the Commentary and the Bill) via this link:

> http://www.parliament.nz/NR/rdonlyres/B4FA49FF-434E-4164-A3DE-401ECA0FAFA1/85174/DBSCH_SCR_4086_60191.pdf

The Bill is now awaiting its second reading which is currently expected to take place in late July.

Contact Centre Established

MAF has established a new contact centre to answer questions relating to the proposed New Zealand Emissions Trading Scheme (ETS) and other Sustainable Forestry schemes, including the Permanent Forest Sink Initiative and Afforestation Grant Scheme.

The contact centre staff will be able to answer general questions from foresters, the general public and interested parties about what is currently proposed in relation to forestry in the ETS under the legislation currently before Parliament. However, they will not be able to provide detailed and specific information about the scheme until after legislation is passed.

0800 CLIMATE (254 628)

Forestry Regulations

The Ministry of Agriculture and Forestry has received 238 submissions on the exposure draft of the regulations under the New Zealand Emissions Trading Scheme (ETS) for both pre-1990 and post-1989 forests.

The exposure draft was released for consultation on 5 May. MAF asked respondents to address some specific aspects such as carbon measurement, fees and charges, land status notification and mapping requirements for pre-1990 forests seeking general comments about the practical aspects of how the scheme would work.

A summary of submissions will be released in due course.

Permanent Forest Sink Initiative

Guidelines for the Permanent Forest Sink Initiative (PFSI) are now available.

The PFSI is one of the Government's sustainable forestry programmes, which enables private landowners to receive Kyoto-compliant carbon units from the establishment of new permanent forests. Entry into the PFSI is by way of covenant between the Government and the landowner.

The PFSI is complementary to the Afforestation Grants Scheme (AGS) and the proposed New Zealand Emissions Trading Scheme as it applies to forestry.

You may be interested in participating in the PFSI if you are:

- A landowner who, since 1 January 1990, has established exotic or indigenous forest on land that was non-forest land on 31 December 1989.
- A landowner with reverting forest which has resulted from active land use change – e.g. retiring farmland from grazing, provided the land was non-forest land on 31 December 1989.
- An investor interested in growing permanent forests to earn Kyoto-compliant carbon units.

The PFSI creates a business opportunity for landowners and investors who will receive carbon units for the increases in carbon stored in the forest. Restricted harvesting is permitted in addition to earning units, but participants should be aware that they are liable for any net loss of carbon stored in the forest resulting from harvesting or any other cause up to the limit of units received on any area of land.

Potential investors in the PFSI should seek independent professional advice on market prospects for trading carbon units.

The new Guidelines explain more about the PFSI, how it operates and how to apply. Please note, however, that some of the details are subject to change.

Afforestation Grant Scheme – Update

Applications have now closed for this year's public tender round for the Afforestation Grant Scheme (AGS). It is expected that successful tenders will be selected and advised in late August.

The scheme aims to encourage more forestry, particularly in small forests and on farms because of its low compliance costs.

Foresters can receive a government grant for planting new forests on land that was unforested at 31 December 1989. Those who receive grants under the scheme will own the new forests and earn income from the timber when harvested. The Government will retain the Kyoto Protocol carbon sink credits and take responsibility for meeting harvesting and deforestation liabilities.

Half the funding in the Afforestation Grant Scheme will be available to Regional Councils to help meet their sustainable land management objectives. The other half will be available directly to the general public through a public tender pool.

Seventy percent of the public tender pool will go to species that have high carbon sequestration rates. These will be usual exotic plantation species such as *pinus radiata* and Douglas fir.

The remaining thirty percent will be reserved for species with low carbon sequestration rates.

Help us to keep you informed

The *Sustainable Forestry Bulletin* is about keeping you and others with an interest in forestry informed. So please feel free to forward it on to others who might be interested and ask them to sign up to they receive it directly in future.

Sign up by emailing climatechange@maf.govt.nz with **Sustainable Forestry bulletin subscription** in the subject line.

And if you have any questions relating to anything in this bulletin or other forestry matters, please email your enquiries to: climatechange@maf.govt.nz or ring **0800 CLIMATE (254 628)**.

If your questions are about details of the ETS for forestry, please bear in mind there are aspects of the scheme still to be determined by Parliament, so we do not have all of the answers at this time. We will keep you up-to-date as decisions are made and information becomes available.